

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2011-7-G

In the Matter Of)	
)	
Application of Piedmont Natural Gas)	COMMENTS OF
Company, Inc. to Have Terms of the)	PIEDMONT NATURAL GAS
Natural Gas Rate Stabilization Act Apply)	COMPANY, INC.
to Its Rates and Charges for Gas)	
Distribution Services)	

Piedmont Natural Gas Company, Inc. ("Piedmont"), pursuant to Section 58-5-455(4) of the S.C. Code of Laws, hereby submits the following written comments on the *Report of South Carolina Office of Regulatory Staff's Examination of Piedmont Natural Gas Company's Monitoring Report* ("ORS Audit") prepared and filed in this proceeding by the Office of Regulatory Staff ("ORS") on August 31, 2011.

Piedmont has carefully reviewed the August 31, 2011 ORS Audit and the proposed adjustments to Piedmont's June 15, 2011 Quarterly Monitoring Report contained therein and consistent with the Settlement Agreement filed in this docket on August 31, 2011, Piedmont hereby advises the Commission that Piedmont has no objection to or comments on the findings and adjustments reflected in the ORS Audit. Piedmont further confirms its agreement, as part of an overall settlement with the ORS, to implement rates beginning with the first billing cycle of November, 2011 based upon the ORS audit results, the utilization of updated depreciation rates based upon Piedmont's most recent 2009 depreciation study, and a return on equity of 11.3% in lieu of the existing approved rate of return on equity adopted in Piedmont's last general rate case.

Revised rates and charges incorporating the ORS Audit adjustments, the revised depreciation rates, and reflecting a rate of return on equity of 11.3% are attached hereto as Exhibits A and B.

Respectfully submitted this 15th day of September, 2011.

PIEDMONT NATURAL GAS COMPANY, INC.

/s/ Scott M. Tyler
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James H. Jeffries IV

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EXHIBIT A

Piedmont Natural Gas Company, Inc.
Quarterly Rate Stabilization Filing - Settlement Rates
12-Months Ending March 31, 2011

PROPOSED REVENUE CALCULATIONS

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (3)	Proforma Bills (4)	Proposed Margin Rate (5)	Proposed Demand Rate (6)	Proposed Commodity Rate (7)	Total Proposed Rates (8)	Total Proforma Revenue (9)
Residential Service - Value 201									
Bills - Winter	190,534			190,534	\$ 10.00			\$ 10.00	\$1,905,340
Bills - Summer	270,861			270,861	\$ 8.00			\$ 8.00	\$2,166,888
DTs - Winter	2,263,183	(78,617)	2,184,566		\$3.8996	\$0.2223	\$4.3252	\$8.4471	\$18,453,247
DTs - Summer	735,364	46,053	781,417		\$3.4462	\$0.2227	\$4.3252	\$7.9941	\$6,246,726
Residential Service - Standard 221									
Bills - Winter	399,069			399,069	\$ 10.00			\$ 10.00	\$3,990,690
Bills - Summer	542,511			542,511	\$ 8.00			\$ 8.00	\$4,340,088
DTs - Winter	3,543,758	(149,520)	3,394,238		\$3.8996	\$2.2943	\$4.3252	\$10.5191	\$35,704,329
DTs - Summer	679,227	86,621	765,848		\$3.4462	\$2.8113	\$4.3252	\$10.5827	\$8,104,740
<u>TOTAL RESIDENTIAL</u>									
Bills	1,402,975			1,402,975					
DTs	7,221,532	(95,463)	7,126,069						\$80,912,048
Small General Service - Standard 202									
Bills	116,590			116,590	\$ 22.00			\$ 22.00	\$2,564,980
DTs - Winter	1,749,447	(56,050)	1,693,397		\$3.1694	\$2.1083	\$4.3252	\$9.6029	\$16,261,522
DTs - Summer	274,312	24,227	298,539		\$3.0562	\$1.8608	\$4.3252	\$9.2422	\$2,759,157
Small General Service - Value 232									
Bills	48,466			48,466	\$ 22.00			\$ 22.00	\$1,066,252
First 200	1,056,170	(13,458)	1,042,712		\$3.1694	\$1.4803	\$4.3252	\$8.9749	\$9,358,236
Over 200	<u>294,449</u>	<u>(3,752)</u>	<u>290,697</u>		\$3.1694	\$1.1680	\$4.3252	\$8.6626	\$2,518,192
DTs - Winter	1,350,619	(17,210)	1,333,409						
First 200	1,041,720	5,816	1,047,536		\$3.0562	\$0.5997	\$4.3252	\$7.9811	\$8,360,490
Over 200	<u>101,251</u>	<u>565</u>	<u>101,816</u>		\$3.0562	\$0.3152	\$4.3252	\$7.6966	\$783,637
DTs - Summer	1,142,971	6,381	1,149,352						
Medium General Service - Standard 252									
Bills	146			146	\$ 75.00			\$ 75.00	\$10,950
DTs - Winter	88,885	(3,264)	85,621		\$3.1694	\$1.8534	\$4.3252	\$9.3480	\$800,385
DTs - Summer	9,439	6,644	16,083		\$3.0562	\$1.5309	\$4.3252	\$8.9123	\$143,337
Medium General Service - Value 262									
Bills	924			924	\$ 75.00			\$ 75.00	\$69,300
First 500	176,153	(2,729)	173,424		\$3.1694	\$1.1352	\$4.3252	\$8.6298	\$1,496,614
Over 500	<u>231,667</u>	<u>(3,589)</u>	<u>228,078</u>		\$3.1694	\$0.7778	\$4.3252	\$8.2724	\$1,886,752
DTs - Winter	407,820	(6,318)	401,502						
First 500	226,496	2,225	228,721		\$3.0562	\$0.2872	\$4.3252	\$7.6686	\$1,753,970
Over 500	<u>186,951</u>	<u>1,836</u>	<u>188,787</u>		\$3.0562	\$0.0283	\$4.3252	\$7.4097	\$1,398,855
DTs - Summer	413,447	4,061	417,508						

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Quarterly Rate Stabilization Filing - Settlement Rates
12-Months Ending March 31, 2011

PROPOSED REVENUE CALCULATIONS

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Small General Service - Motor Fuel 242									
Bills	22			22	\$ 22.00			\$ 22.00	\$484
DTs - Winter	1,672		1,672		\$1.1320	\$1.3790	\$4.3252	\$6.8362	\$11,430
DTs - Summer	371		371		\$1.1320	\$1.0553	\$4.3252	\$6.5125	\$2,416
<u>TOTAL COMMERCIAL</u>									
Bills	166,148			166,148					
DTs	5,438,983	(41,529)	5,397,454						\$51,246,959
Large General Service - Sales 203									
Bills	104			104	\$ 250.00			\$ 250.00	\$26,000
Demand DTs	14,293	0		14,293	\$5.0000	\$12.9812	\$0.0000	\$17.9812	\$257,005
First 1,500	61,725	0	61,725		\$1.8569	\$0.8116	\$4.3252	\$6.9937	\$431,686
Next 1,500	35,096	0	35,096		\$1.2998	\$0.6612	\$4.3252	\$6.2862	\$220,620
Next 7,500	10,981	0	10,981		\$0.9285	\$0.6408	\$4.3252	\$5.8945	\$64,728
Next 16,500	0	0	0		\$0.5571	\$0.2818	\$4.3252	\$5.1641	\$0
Next 33,000	0	0	0		\$0.1857	\$0.1000	\$4.3252	\$4.6109	\$0
Over 60,000	0	0	0		\$0.0000	\$0.0000	\$4.3252	\$4.3252	\$0
DTs - Winter	107,802	0	107,802						
First 1,500	66,621	0	66,621		\$1.1141	\$0.6420	\$4.3252	\$6.0813	\$405,142
Next 1,500	36,625	0	36,625		\$0.7428	\$0.5234	\$4.3252	\$5.5914	\$204,785
Next 7,500	6,804	0	6,804		\$0.5571	\$0.7468	\$4.3252	\$5.6291	\$38,300
Next 16,500	0	0	0		\$0.3714	\$0.2818	\$4.3252	\$4.9784	\$0
Next 33,000	0	0	0		\$0.1857	\$0.0500	\$4.3252	\$4.5609	\$0
Over 60,000	0	0	0		\$0.0000	\$0.0000	\$4.3252	\$4.3252	\$0
DTs - Summer	110,050	0	110,050						
Large General Service - Transportation 213									
Bills	433			433	\$ 250.00			\$ 250.00	\$108,250
Demand DTs	89,152			89,152	\$5.0000	\$0.9651	\$0.0000	\$5.9651	\$531,801
Standby DTs	0			0	\$0.0000	\$12.0161	\$0.0000	\$12.0161	\$0
First 1,500	250,412	0	250,412		\$1.8569	\$0.5424	\$0.0752	\$2.4745	\$619,644
Next 1,500	180,241	0	180,241		\$1.2998	\$0.4322	\$0.0752	\$1.8072	\$325,732
Next 7,500	151,109	0	151,109		\$0.9285	\$0.3388	\$0.0752	\$1.3425	\$202,864
Next 16,500	80,240	0	80,240		\$0.5571	\$0.2780	\$0.0752	\$0.9103	\$73,042
Next 33,000	3,503	0	3,503		\$0.1857	\$0.1025	\$0.0752	\$0.3634	\$1,273
Over 60,000	0	0	0		\$0.0000	\$0.0000	\$0.0752	\$0.0752	\$0
DTs - Winter	665,505	0	665,505						
First 1,500	319,004	0	319,004		\$1.1141	\$0.5706	\$0.0752	\$1.7599	\$561,415
Next 1,500	176,613	0	176,613		\$0.7428	\$0.4587	\$0.0752	\$1.2767	\$225,482
Next 7,500	123,859	0	123,859		\$0.5571	\$0.3860	\$0.0752	\$1.0183	\$126,126
Next 16,500	92,636	0	92,636		\$0.3714	\$0.2451	\$0.0752	\$0.6917	\$64,076
Next 33,000	0	0	0		\$0.1857	\$0.0500	\$0.0752	\$0.3109	\$0
Over 60,000	0	0	0		\$0.0000	\$0.0000	\$0.0752	\$0.0752	\$0
DTs - Summer	712,112	0	712,112						

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Interruptible Service - Sales 204									
Bills	185			185	\$ 250.00			\$ 250.00	\$46,250
First 1,500	94,267	0	94,267		\$1.8569	\$1.5804	\$4.3252	\$7.7625	\$731,748
Next 1,500	64,150	0	64,150		\$1.2998	\$1.3683	\$4.3252	\$6.9933	\$448,620
Next 7,500	62,301	0	62,301		\$0.9285	\$1.1699	\$4.3252	\$6.4236	\$400,197
Next 16,500	10,605	0	10,605		\$0.5571	\$1.7474	\$4.3252	\$6.6297	\$70,308
Next 33,000	0	0	0		\$0.1857	\$1.0844	\$4.3252	\$5.5953	\$0
Over 60,000	0	0	0		\$0.0000	\$0.4000	\$4.3252	\$4.7252	\$0
DTs - Winter	231,323	0	231,323						
First 1,500	134,116	0	134,116		\$1.1141	\$0.7879	\$4.3252	\$6.2272	\$835,167
Next 1,500	79,691	0	79,691		\$0.7428	\$0.6643	\$4.3252	\$5.7323	\$456,813
Next 7,500	72,211	0	72,211		\$0.5571	\$0.5678	\$4.3252	\$5.4501	\$393,557
Next 16,500	3,683	0	3,683		\$0.3714	\$0.5709	\$4.3252	\$5.2675	\$19,400
Next 33,000	0	0	0		\$0.1857	\$0.2000	\$4.3252	\$4.7109	\$0
Over 60,000	0	0	0		\$0.0000	\$0.1000	\$4.3252	\$4.4252	\$0
DTs - Summer	289,701	0	289,701						
Interruptible Service - Transportation 214									
Bills	620			620	\$ 250.00			\$ 250.00	\$155,000
First 1,500	380,993	0	380,993		\$1.8569	\$0.5396	\$0.0752	\$2.4717	\$941,700
Next 1,500	341,163	0	341,163		\$1.2998	\$0.4284	\$0.0752	\$1.8034	\$615,253
Next 7,500	753,900	0	753,900		\$0.9285	\$0.3162	\$0.0752	\$1.3199	\$995,073
Next 16,500	329,865	0	329,865		\$0.5571	\$0.2068	\$0.0752	\$0.8391	\$276,790
Next 33,000	64,126	0	64,126		\$0.1857	\$0.1089	\$0.0752	\$0.3698	\$23,714
Over 60,000	48,656	0	48,656		\$0.0000	\$0.0000	\$0.0752	\$0.0752	\$3,659
DTs - Winter	1,918,703	0	1,918,703						
First 1,500	513,478	0	513,478		\$1.1141	\$0.5685	\$0.0752	\$1.7578	\$902,592
Next 1,500	411,806	0	411,806		\$0.7428	\$0.4501	\$0.0752	\$1.2681	\$522,211
Next 7,500	793,526	0	793,526		\$0.5571	\$0.3336	\$0.0752	\$0.9659	\$766,467
Next 16,500	277,368	0	277,368		\$0.3714	\$0.2159	\$0.0752	\$0.6625	\$183,756
Next 33,000	25,563	0	25,563		\$0.1857	\$0.2530	\$0.0752	\$0.5139	\$13,137
Over 60,000	0	0	0		\$0.0000	\$0.0000	\$0.0752	\$0.0752	\$0
DTs - Summer	2,021,741	0	2,021,741						
TOTAL INDUSTRIAL									
Bills	1,342			1,342					
Demand	103,445			103,445					
DTs	6,056,937	0	6,056,937						\$13,289,383
Outdoor Gaslight Service - Rate 205									
Fixtures	48	0	48		\$ 15.00			\$ 15.00	\$720
DTs - Winter	16	0	16						
DTs - Summer	22	0	22						
Annual Revenues From Special Contracts								\$	1,453,582
TOTAL ALL RATE SCHEDULES									
TOTAL BILLS	1,570,465			1,570,465					
TOTAL WINTER DTs	12,328,733	(310,979)	12,017,754						
TOTAL SUMMER DTs	6,388,757	173,987	6,562,744						
ANNUAL TOTAL DTs	18,717,490	(136,992)	18,580,498						REVENUE \$ 146,902,692
TOTAL SALES DTs	13,399,429	(136,992)	13,262,437						
- TRANSPORTATION DTs	5,318,061	0	5,318,061						
ANNUAL TOTAL DTs	18,717,490	(136,992)	18,580,498						

EXHIBIT B

Piedmont Natural Gas Company, Inc.
Quarterly Rate Stabilization Filing - Settlement Rates
12-Months Ending March 31, 2011

WNA Factors

	Base Rate (\$/therms)	Demand (\$/therms)	Commodity	"R" Value (\$/therms)	Heat Factor (therms/DDD)	Base Factor (therms/mo.)
Residential						
Value Rate - 201	0.84471	0.02223	0.43252	0.38996	0.18145	16.57161
Standard Rate - 221	1.05191	0.22943	0.43252	0.38996	0.15007	3.80624
Commercial						
Rate 202 - Std	0.96029	0.21083	0.43252	0.31694	0.63994	0.00000
Rate 232 - Val						
First 2,000 therms	0.89749	0.14803	0.43252	0.31694	0.52525	372.70298
Over 2,000 therms	0.86626	0.11680	0.43252	0.31694	0.52525	372.70298
Rate 252 - Std	0.93480	0.18534	0.43252	0.31694	26.86674	0.00000
Rate 262 - Val						
first 5,000 therms	0.86298	0.11352	0.43252	0.31694	6.04196	7269.14860
over 5,000 therms	0.82724	0.07778	0.43252	0.31694	6.04196	7269.14860

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached *Comments of Piedmont Natural Gas Company, Inc.* is being served this date via email and UPS Overnight (5 copies) upon:

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And that a copy of the attached *Comments of Piedmont Natural Gas Company, Inc.* is being served this date via email and U.S. Mail upon:

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This the 15th day of September, 2011.

s/ James H. Jeffries IV
James H. Jeffries IV